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Producers 88 (4-89) — Paid Up  
With 640 Acres Pooling Provision

## PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this **5th** day of **January, 2011**, between **CLF ARLINGTON LP, A DELAWARE LIMITED PARTNERSHIP, c/o CapLease, Inc., 1065 Avenue Of The Americas, 19th Floor, New York, NY 10018** as Lessor, and **CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496** as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

**26.24 acres of land, more or less, situated in the R. R. Ramey Survey, A-1343, and the H. G. Lynch Survey, A-956, and being more particularly described as Block 2, Lot 2R1A, of Embarcadero Place, according to the map or plat thereof, recorded May 27, 2005, in Cabinet A, Slide 10225, Plat Records, Tarrant County, Texas; SAVE AND EXCEPT a tract of land out of the Southeastern portion of said Block 2, Lot 2R1A ("Portion"), said Portion being a part of a 3.4995 acre tract, more or less, situated in the R. R. Ramey Survey, A-1343, reserved by Exxon Education Foundation, a New Jersey corporation, in that certain Special Warranty Deed from Exxon Education Foundation, a New Jersey corporation ("Grantor"), to Sterling Properties, Joint Venture ("Grantee"), recorded December 17, 1996, in Volume 12611, Page 240, Deed Records, Tarrant County, Texas.**

in the County of **TARRANT**, State of **TEXAS**, containing **26.24** gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of **three (3)** years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **twenty-five percent (25%)** of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **twenty-five percent (25%)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder, and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment, and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying

quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casings, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of two (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

18. Lessor agrees to execute, without payment of additional compensation, any and all documents required to obtain approval from any and all federal, state, county or municipal/local government entities to conduct the operations contemplated by this Lease, including, but not limited to, distance waivers, consents, easements prohibiting construction of improvements within certain distances, and petitions of support.

19. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

#### SEE EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MADE APART HEREOF

**DISCLAIMER OF REPRESENTATIONS:** Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

**CLF Arlington LP**  
By its General Partner, CLF Arlington GP LLC

By: Paul C. Hughes

**Paul C. Hughes, General Counsel/Secretary**

#### ACKNOWLEDGMENT

STATE OF ~~TEXAS~~ New York  
COUNTY OF TARRANT New York

This instrument was acknowledged before me on the 11 day of January 2011 by  
Paul C. Hughes, as General Counsel/Secretary of CLF Arlington GP LLC, general partner of CLF Arlington LP,  
on behalf of said limited partnership.

Christina Rodriguez  
Notary Public, State of Texas - New York

CHRISTINA RODRIGUEZ  
Notary Public, State of New York

No. 01RO6121921

Qualified in New York County

Commission Expires February 7, 2013

**EXHIBIT "A"**

**ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE  
DATED JANUARY 5, 2011, BETWEEN, CLF ARLINGTON LP, AS LESSOR, AND  
CHESAPEAKE EXPLORATION, L.L.C., AS LESSEE.**

Notwithstanding anything contained in the printed portion of this lease to the contrary, the provisions of paragraphs 1 through 14, inclusive, contained in this addendum shall control in the event of conflict with the printed portion of this lease.

1. **Only Oil and Gas.** This lease covers only oil, gas and minerals produced in association with oil and gas, and Lessor excepts from this lease and reserves all other minerals of every kind and character in, on and under the leased premises, together with the right to use such land for the purposes of investigating, exploring, producing, saving, owning and disposing of said other minerals.

2. **Royalty on Liquids.** Lessor shall be entitled to Lessor's fractional royalty share of all condensate, distillate and natural gasoline and all other liquefiable hydrocarbons extracted by or for Lessee from gas produced from the leased premises, by any method.

3. **Due Dates of Royalty.** All royalties that may become due hereunder shall commence to be paid on each well within one hundred (120) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest charged by major U.S. commercial banks, as published in the Wall Street Journal, plus five percent (5%) (not to exceed legal Texas interest rate) from their due date until paid. If royalty is not paid by such due date, Lessor may give Lessee written notice of non-payment of royalty; if such royalty is not paid within thirty (30) days of Lessee's receipt of such notice, Lessor may give Lessee a second notice of non-payment of royalty; and if Lessor's royalty is not paid within thirty (30) days of Lessee's receipt of such second notice, then Lessor may terminate this lease. Each such notice of non-payment shall be sent to Lessee by certified mail, return receipt requested, and the following shall appear in bold type, all caps, on the envelope and in the notice letter: **"YOUR LEASE IS IN DANGER OF BEING FORFEITED FOR NON-PAYMENT OF ROYALTY."** However, if there is a bona fide dispute or a good faith question of royalty entitlement, Lessee may pay Lessor's royalty to a bank to be selected by both parties, to be retained by said bank and invested in interest bearing accounts pending resolution of the entitlement issue, with the interest to belong to the rightful royalty owner. If the parties do not or cannot agree on a bank, lessee may tender the royalty into a court of competent jurisdiction by Bill of Interpleader, to be so held and invested by the clerk under the direction of the court. If the royalty is so paid to such bank or to the court within the time provided, then Lessor shall not have the right to terminate this lease for nonpayment of royalty.

4. **Royalty Free of Expenses.** Lessor's royalty will never bear, either directly or indirectly, any part of the costs or expenses of pre- and post-production, production, separation, gathering, dehydration, compression, transportation, trucking, processing, treatment, storage or marketing of the oil or gas produced from the leased premises incurred prior to the sale of such oil and gas to the first non-affiliate of Lessee, or any part of the incurred costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil or gas from the leased premises. It is the intent of the parties that the foregoing provisions of this paragraph are to be fully effective and enforceable and are not to be construed as "surplusage" under the principals set forth in *Heritage Resources v Nations Bank*, 939 S.W.2d 118 (Tex.1996). Notwithstanding anything to the contrary, Lessor's royalty will bear its pro-rata share of transportation charges for downstream transportation, provided the charges are made by a company which is not an affiliate of, or related party to, Lessee, and provided they do not exceed an amount reasonably commensurate with charges by non-affiliated entities to unrelated operators in the area of the leased premises.

5. **No Warranty of Title.** Lessor makes no warranty of title to the leased premises, and this lease is made without warranty, express or implied.

6. **Indemnity.** Lessee agrees to indemnify and hold harmless Lessor and Lessor's heirs, successors, representatives, agents and assigns, from and against any and all claims, demands and causes of action for injury (including death) or damage to persons or property arising out of, incidental to or resulting from the operations of or for Lessee or Lessee's servants, agents, employees, guests, licenses, invitees or independent contractors, and from and against all costs and expenses incurred by Lessor by reason of any such claim or claims, including reasonable attorneys' fees; and each assignee of this lease, or an interest therein, agrees to indemnify and hold harmless Lessor in the same manner provided above. **Such indemnity shall apply to any claim arising out of operations conducted under or pursuant to this lease, howsoever caused by the Lessee, Lessee's agents, servants, employees or contractors.** The provisions of this paragraph shall survive the termination of this lease.

7. **Information to be Furnished to Lessor.** Lessee agrees to furnish Lessor, upon written request, copies of all title opinions but only that portion of said opinions which cover the leased premises, copies of all filings made by Lessee with the Railroad Commission of Texas pertinent to drilling and completing wells, full information as to the production and runs concerning wells on the leased premises. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns; provided, however, if Lessee is to assign any part of this Lease to any third party other than a subsidiary or affiliate of Chesapeake Exploration, L.L.C., and Total E&P USA, Inc., Lessee must first provide Lessor with the name and address of the proposed assignee(s) and obtain Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed, provided assignments to officers, directors and subsidiaries of Chesapeake Exploration, L.L.C. and Total E&P USA, Inc., may be made without such consent so long as the aggregate working interest in this Lease conveyed by all such assignments does not exceed a thirty percent (30%) working interest. Lessee shall provide Lessor with a copy of the recorded assignment within sixty (60) days of receipt of recorded assignment. If Lessee transfers its interest hereunder in whole or in part, no assignment by Lessee will relieve Lessee of any liability, before or after the assignment, and Assignee is jointly and severally liable with Lessee for all Lease obligations. Lessor shall have the right to inspect, copy and audit all records of Lessee pertaining to Lessee's calculation and payment of royalties due under this lease at Lessee's offices.

8. **Protection from Drainage.** Lessee shall adequately and promptly protect the oil and gas in and under the leased premises from drainage by wells on adjoining or adjacent tracts or leases and shall drill such wells as may be necessary for effective protection against such drainage. Neither the rentals, royalties nor the shut-in gas well royalties paid or to be paid hereunder, nor any other provision of this lease, shall relieve Lessee of the obligation to reasonably develop the leased premises and to promptly and adequately protect the oil and gas in and under the leased premises from drainage by wells on adjoining lands or leases. Lessee agrees to notify Lessor of the need to sue an adjoining owner, lessee or operator for damages resulting from drainage or for damage to the common reservoir. If Lessee intends to make a claim or to file suit for such drainage or damage, Lessee will notify Lessor and will represent Lessor in such claim or cause of action without cost to Lessor unless Lessor notifies Lessee in writing to the contrary. If Lessee recovers damages as a result of such claim, either by settlement or judgment, Lessor shall be entitled to share in such recovery pro rata in accordance with Lessor's interest in production from the leased premises.

9. **Partial Termination.** At the expiration of the primary term, this lease shall terminate as to all depths and horizons below one hundred feet (100') below the deepest producing formation from which production of oil or gas in paying quantities is being maintained (or, in the case of a shut-in gas well, can be maintained) on the leased premises or lands pooled therewith.

10. **Limitation on Pooling.** Lessee shall have no right to pool the leased premises with other lands for the production of oil or gas unless all of the leased premises are included within the unit thereby created.

11. **Shut-in Royalty.** This lease shall not be maintained solely by the payment of shut-in gas royalty for a period longer than two (2) consecutive years or four (4) years in the aggregate after the expiration of the primary term of this lease.

12. Operations. Notwithstanding paragraph 5 of the printed portion of this lease, the term "operations" as used therein shall mean only the actual drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas, conducted in good faith and with due diligence; and drilling operations will not be considered as being conducted unless a rig capable of drilling to the prospective depth is actually in place and rotating under power.

13. Release. Upon termination of this lease as to all or any part of the leased premises, Lessee agrees to deliver to Lessor, upon written request, an executed and acknowledged release of the lands as to which this lease has terminated.

14. Division Orders. Neither the acceptance of royalties, delay rentals, shut-in royalties or other payments by Lessor (regardless of any notation thereon or instrument accompanying same), nor Lessor's execution of any division order or transfer order or similar instrument, shall ever constitute or be deemed to effect (a) a ratification, renewal or amendment of this lease or of any pooled unit designation filed by Lessee purporting to exercise the pooling rights granted to Lessee in this lease, or (b) a waiver of the rights granted to Lessor, or the obligations imposed upon Lessee, express or implied, by the terms of this lease, or remedies for Lessee's breach thereof, or (c) an estoppel against Lessor preventing Lessor from enforcing Lessor's rights or Lessee's obligations hereunder, express or implied, or from seeking damages for Lessee's breach thereof. Lessor's agreement to accept royalties from any purchaser shall not affect Lessee's obligation to pay royalties pursuant to this Lease. No instrument executed by Lessor shall be effective to constitute a ratification, renewal, extension or amendment of this lease unless the instrument is clearly titled to indicate its purpose and intent. If Lessor agrees to accept payment of royalties from a purchaser of oil or gas produced from the leased premises, or from another party designated to distribute royalties other than Lessee, Lessor's acceptance of such payments shall not relieve Lessee of its obligation to pay royalty hereunder except to the extent of payments actually received by Lessor from such third party, and if such third party fails to pay any sums due as royalty under this lease, Lessee shall remain fully liable therefor, whether or not Lessee has received payment for production from such purchaser or third party.

Chesapeake Exploration, L.L.C.  
P.O. Box 18496,  
Oklahoma City, OK 73154-0496

**CLF Arlington LP**  
**By its General Partner, CLF Arlington GP LLC**

By: Paul C. Ayles  
\_\_\_\_\_  
Paul C. Hughes, General Counsel/Secretary